

Message Text

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APPROVED BY E - MR. CASEY

TREASURY - MR. BENNETT

COMMERCE - MR. BOWDEN

S/S - MR. GAMMON

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FM SECSTATE WASHDC

TO AMEMBASSY BUCHAREST

INFO AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY BELGRADE

AMEMBASSY BUDAPEST

AMEMBASSY WARSAW

AMEMBASSY SOFIA

C O N F I D E N T I A L STATE 241960

LIMDIS

E.O. 11652: GDS

TAGS:PFOR, EGEN, RO

SUBJECT: PRESIDENT CEAUSESCU'S VISIT

1. SUMMARY: CEAUSESCU PRESSED SHULTZ, DENT AND CASEY FOR US GRANT OF TARIFF CONCESSIONS FOR PRODUCTS OF JOINT VENTURES, CREDITS AT LOW INTEREST RATES, CCC CREDITS AND INCREASE IN IMPORT QUOTAS FOR TEXTILES AND FOOTWEAR AND RAISED FOR LATER DISCUSSION JOINT PROJECTS FOR BLACK SEA OIL AND PROMPT ACTION ON JOINT COMMISSION. US SPOKESMEN EMPHASIZED US AND CHAMBER OF COMMERCE DESIRE TO FACILITATE COOPERATION OF PRIVATE ENTERPRISE, GAVE NO ENCOURAGEMENT
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TO CONCESSIONARY LOANS BUT SUPPORT FOR NORMAL CHANNELS,

NOTED ONE-SHOT INCREASE OF ROMANIAN TEXTILE IMPORT QUOTA AND URGED DIVERSIFICATION OF ROMANIAN EXPORTS. CEAUSESCU WAS NON-COMMITTAL ON CASEY'S EXPRESSION OF NEED FOR SETTLEMENT OF BONDHOLDER CLAIMS.

2. PRESIDENT CEAUSESCU (ACCOMPANIED BY MANESCU, MACOVESCU, PUNGAN AND STANCIU) MET DECEMBER 5 AT BLAIR HOUSE WITH SECRETARIES SHULTZ AND DENT AND UNDER SECRETARY CASEY (ACCOMPANIED BY STATE, COMMERCE AND TREASURY REPRESENTATIVES). CONVERSATION COVERED JOINT VENTURES, CREDITS AND EXPORT PROMOTION.

3. JOINT VENTURES. SECRETARIES SHULTZ AND DENT SPOKE IN FAVOR OF VIABLE JOINT VENTURES, NOTED THAT DECISIONS TO ENGAGE IN THEM WERE MADE BY PRIVATE INDUSTRY AND THAT THE JOINT COUNCILS SET UP BY THE CHAMBER OF COMMERCE SHOULD PROVE FACILITATIVE JUST AS PRESIDENT NIXON HAD INDICATED THE GOVERNMENT WOULD BE. CEAUSESCU RAISED THE QUESTION OF DUTY FREE ENTRY INTO THE UNITED STATES OF PRODUCTS OF JOINT VENTURES, NOTING THAT THE FEDERAL REPUBLIC OF GERMANY AND ROMANIA HAD AGREEMENTS TO TAKE THE ENTIRE OUTPUT DUTY FREE. DENT SAID, UNFORTUNATELY, THIS WAS NOT POSSIBLE UNDER US LAW AND GATT PROVISIONS. EVEN PRODUCTS MADE ABROAD BY 100 US COMPANIES WOULD PAY REGULAR DUTIES. IT WAS AGREED THAT DOUBLE TAXATION AGREEMENT WOULD FACILITATE OPERATION OF JOINT VENTURES.

4. CREDITS. CEAUSESCU SPOKE OF ROMANIA'S DESIRE FOR CREDITS AT 2-3 INTEREST. HE SAID ROMANIA'S BALANCE OF PAYMENTS SITUATION WOULD "EVEN OFF NEXT YEAR AND IN THE NEXT FEW YEARS ROMANIA PLANNED TO LIQUIDATE ALL CREDITS EXCEPT THOSE ON MOST ADVANTAGEOUS TERMS." SHULTZ NOTED PRESENT VOLUME OF EXIM CREDIT (\$77 MILLION) AND PRELIMINARY COMMITMENTS (ABOUT \$60 MILLION) AT 6 PERCENT. HE STRESSED THIS WAS BARGAIN INTEREST RATE IN PRESENT WORLD SITUATION AND EMPHASIZED US HAD NO LEGAL AUTHORITY TO GRANT INTEREST FREE LOANS. HE ALSO ALLUDED TO US SUPPORT FOR IBRD WHERE ROMANIA HAD A NUMBER OF APPLICATIONS PENDING WHICH WOULD BE ACTED ON IN GOOD TIME. CEAUSESCU DID NOT RESPOND WHEN SHULTZ ASKED HOW HE LOOKED AT

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ROMANIA'S PRESENT DEBT SERVICING BURDEN OF AROUND 40 NORMAL DUTY. NOR DID HE REPLY TO DENT'S EXPRESSION OF HOPE THAT SIKORSKY WOULD RECEIVE HELICOPTER ORDER.

5. CCC CREDITS AND IMPORT QUOTAS. AT CEAUSESCU'S INSTANCE STANCIU ASKED WHETHER US COULD NOT AGREE TO RAISING ROMANIA'S COTTON TEXTILE IMPORT QUOTA BY 5 WHICH ACTION HE SAID WOULD HELP ROMANIA COVER PAYMENTS FOR IMPORTS

FROM US. DENT SAID AN ADDITIONAL 5 INCREASE HAD BEEN GRANTED ROMANIA THIS YEAR ON A ONE-SHOT BASIS.

TO STANCIU'S QUERY REGARDING REACTIVATION OF CCC CREDITS FOR COTTON PURCHASES (FOR WHICH HE SAID ROMANIA HAD NOW CONTRACED FOR 22,000 TONS), CASEY SAID THERE HAD BEEN NO CCC CREDITS FOR COTTON SINCE LAST YEAR AS COTTON WAS IN SHORT SUPPLY. SUPPLY SITUATION TO BE REVIEWED AT THE END OF DECEMBER. DENT NOTED US COTTON STOCK WOULD BE LOWEST IN POST WAR HISTORY IN AUGUST 1974

AND POINTED OUT DEMAND FOR US COTTON EXPORTS HAD BEEN HIGH BECAUSE VIRTUALLY EVERY OTHER PRODUCING COUNTRY HAD EMBARGOED COTTON EXPORTS.

6. ROMANIAN EXPORTS. CEAUSESCU SUGGESTED A LISTING OF GOODS ROMANIA MIGHT EXPORT TO US IN ORDER TO EXPEDITE PROMOTION OF SUCH EXPORTS AND BETTER COVER ROMANIAN TRADE IMBALANCE AND MEET ITS IMPORT NEEDS. DENT RECOGNIZED MUTUAL BENEFIT OF TWO-WAY TRADE AND SUGGESTED PRIVATE US MARKETING GROUP OR ROMANIAN EXPERTS SHOULD SEEK TO BUILD MARKET FOR BROAD ARRAY OF PRODUCTS TO MAKE ROMANIAN EXPORT SITUATION MORE STABLE. HE SAID COUNCIL CREATED BY THE CHAMBER OF COMMERCE SHOULD LEAD TO DIALOGUE WITH PRIVATE SECTOR AND OPEN THE DOOR TO
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